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## **Payday lending safeguards sent to governor**

**Lansing** – Legislation to regulate the payday lending industry was approved this week by both the Senate and House of Representatives, Sen. Valde Garcia (R-Howell) announced.

Senate Bill 474 puts safeguards in place for consumers who use payday lending services without compromising the industry's ability to serve its customers.

“Many consumers use payday loans to cover emergency expenses or to get through tough times when funds are tight,” Garcia said. “We have passed responsible legislation that protects consumers, caps fees at rates below the national average, and prevents individuals who need to use this service from getting caught in the endless cycle of borrowing to pay off a previous payday advance.”

Senate Bill 474 establishes the maximum interest rate payday lenders can charge their customers at 13.25 percent of the loan's face value. Other components of the bill:

- Require payday lenders to be licensed by the Office of Financial and Insurance Services;
- Place limits on both the size and duration of the loans;
- Require providers to post notices explaining the service;
- Establish a channel for customer complaints;
- Give OFIS the authority to punish providers for not protecting consumers;
- Prohibits rollovers; and
- Allows a borrower until the close of the next business day to cancel the loan without penalty.

The bill now goes to the governor for her consideration.

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